

AMENDED IN SENATE APRIL 21, 2005

SENATE BILL

No. 167

Introduced by Senator Speier

February 8, 2005

An act to *amend Section 130070 of, and to add Section 130030 to, the Health and Safety Code, relating to seismic safety.*

LEGISLATIVE COUNSEL'S DIGEST

SB 167, as amended, Speier. Seismic and patient safety.

Under existing law, after January 1, 2008, any general acute care hospital building that is determined to be a potential risk of collapse or pose significant loss of life may only be used for nonacute care hospital purposes. Existing law requires owners of all acute care inpatient hospitals, by January 1, 2030, to either demolish, replace, or change to nonacute care use all hospital buildings not in substantial compliance with the regulations and standards developed by the office or to seismically retrofit all acute care inpatient hospital buildings so that they are in substantial compliance with the regulations and standards developed by the office.

Existing law authorizes the Office of Statewide Health Planning and Development to grant a delay in the 2008 deadline to a hospital that states in its application for an extension why the hospital is unable to comply with the deadline requirement, upon a demonstration by the owner that compliance will result in a loss of health care capacity that may not be provided by other general acute care hospitals within a reasonable proximity.

This bill would exempt any hospital that is subject to state seismic safety standards for hospitals from the 2008 deadline if the governing body adopts and submits to the State Department of Health Services by July 1, 2006, a resolution that the governing body commits to

comply with the January 1, 2030, seismic safety standards by January 1, 2020, *if certain conditions are met, and would make violation of these provisions subject to licensure revocation and nonrenewal.*

Vote: majority. Appropriation: no. Fiscal committee: yes.
State-mandated local program: no.

The people of the State of California do enact as follows:

- 1 SECTION 1. The Legislature finds and declares all of the
- 2 following:
- 3 (a) Hospital emergency services, trauma care, and general
- 4 acute care hospital inpatient services are essential to maintain the
- 5 health of every Californian.
- 6 (b) The original seismic safety legislation was enacted in 1973
- 7 to require all new and remodeled hospital buildings to meet
- 8 standards that improve patient safety during and after seismic
- 9 events.
- 10 (c) Legislation enacted in 1994 established 2008 and 2030
- 11 facility standards for all existing hospital buildings that provide
- 12 care to hospital patients.
- 13 (d) More than half of all California hospitals lost money on
- 14 operations from patient revenues in 2004.
- 15 (e) Nearly one-fourth of California hospitals do not meet
- 16 criteria of the California Healthcare Financing Authority and do
- 17 not qualify for loans issued through that state agency.
- 18 (f) Financial pressures on hospitals have reached
- 19 unprecedented levels, led by uncompensated care from treating
- 20 uninsured, Medi-Cal and Medicare patients, unfunded mandates
- 21 such as seismic compliance and nurse-to-patient ratios and rising
- 22 costs of supplies, goods, services, technology, and
- 23 pharmaceutical products.
- 24 (g) Events in the world and natural disasters in the United
- 25 States have created shortages in steel, building products and
- 26 supplies, construction capabilities and the availability of
- 27 subcontractors, resulting in rapidly escalating costs in hospital
- 28 construction. These unforeseen events have created new
- 29 construction cost pressures on hospitals and are threatening the
- 30 financial viability of seismic retrofit and construction projects,
- 31 resulting in a loss of access to hospital services for Californians.

1 (h) Many hospitals are unable to meet the January 1, 2008,
2 deadline, including extensions up to 2013, because of inadequate
3 financial resources or other factors beyond the hospitals' control.

4 (i) Assumptions were made in 1994 that the cost of retrofitting
5 hospitals to the 2008 standards would be minor compared to the
6 cost of complying with 2030 standards. Facts, information and
7 knowledge about seismic compliance in recent years have made
8 retrofitting an undesirable or impractical option, forcing most
9 hospitals to bring their buildings up to the 2030 standards or
10 replace them.

11 (j) The original hard construction cost of total compliance was
12 estimated to be \$24 billion, far short of the \$40 billion that
13 actually will be required. Costs will be significantly higher after
14 financing and other expenses are included.

15 (k) The goal of seismic safety can best be met by bringing
16 hospital buildings to the 2030 standards as soon as practicable.

17 (l) The financial squeeze on hospitals, the lack of state funds
18 to assist hospitals, inadequate Medi-Cal payments that fail to
19 cover the cost of services to Medi-Cal beneficiaries and the
20 efficacy of other actions to improve quality and patient safety
21 make it necessary to give hospital options with respect to seismic
22 compliance.

23 (m) State financial support is needed for many hospitals to
24 meet the 2008 deadline.

25 (n) Existing state debt and the structural deficit preclude state
26 financial assistance to hospitals in the foreseeable future.

27 (o) Preservation of retrofitted or new hospital buildings for
28 hospital services will help ensure access to care for California
29 residents in future years.

30 SEC. 2. Section 130030 is added to the Health and Safety
31 Code, to read:

32 130030. (a) Any hospital that is subject to the requirements
33 of this chapter shall be exempt from the January 1, 2008,
34 deadline imposed by Section 130060, if, by July 1, 2006, the
35 governing body of the hospital adopts and submits to the State
36 Department of Health Services a resolution in the following
37 form:

38 The Governing body of _____, on this date, ____, 2006,
39 commits to comply with the January 1, 2030, seismic safety
40 standards required by Section 130060 by January 1, 2020.

1 (b) This section shall not restrict or affect any other option or
2 exemption available to hospitals under any other provision of this
3 code.

4 (c) *A hospital that adopts and submits a resolution as set forth*
5 *in subdivision (a), shall submit the complete construction plans*
6 *for building compliance to the office for its review and approval*
7 *by January 1, 2015.*

8 (d) *A hospital that has requested an extension under*
9 *subdivision (a) and has not submitted a complete plan to the*
10 *office for approval by January 1, 2015, as required by*
11 *subdivision (c) is in violation of this article and shall be subject*
12 *to the licensure suspension and nonrenewal provisions of Section*
13 *130070.*

14 SEC. 3. *Section 130070 of the Health and Safety Code is*
15 *amended to read:*

16 130070. The office shall notify the State Department of
17 Health Services of the hospital owners that have received a
18 written notice of violation for failure to comply with ~~either~~
19 Section 130030, 130060, or 130065. Unless the hospital places
20 its license in voluntary suspense, the state department shall
21 suspend or refuse to renew the license of a hospital that has
22 received a notice of violation from the office because of its
23 failure to comply with ~~either~~ Section 130030, 130060, or 130065.
24 The license shall be reinstated or renewed upon presentation to
25 the state department of a written notice of compliance issued by
26 the office.